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ABSTRACT

The use of two management strategies by 14 liberal arts and comprehensive colleges attempting to recover from serious financial decline during 1973-1976 were studied. The adaptive model of strategy, based on resource dependence, involves managing demands in order to satisfy critical-resource providers. The constructive model of strategy, based on social constructionism, involves managing meaning in order to enhance the organization's legitimacy. Interview data, published and unpublished materials, and Higher Education General Information Survey results were evaluated. Variables for the adaptive model related to responsiveness in academic programs, organizational flexibility, diversity of academic programs, and efficiency. Variables for the constructive model were fund-raising and marketing, professionalization of the management team, focus for the academic program, and improving and involving the trustees. The adaptive model of strategy was followed by most members of both groups of colleges: the "more resilient" and the "less resilient." The adaptive model appeared to assist in the recovery efforts, but did not account for the faster recovery of the more resilient set. The constructive model of strategy was followed by most of the more resilient colleges but by few of the less resilient colleges. (SW)

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TURNAROUND MANAGEMENT STRATEGIES: THE ADAPTIVE MODEL AND THE CONSTRUCTIVE MODEL

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TURNAROUND MANAGEMENT STRATEGIES: THE ADAPTIVE MODEL AND THE CONSTRUCTIVE MODEL

Among the memorable sayings of poet Samuel Taylor Coleridge, the most frequently quoted is his observation that everyone is born either a Platonist or an Aristotelian. What Coleridge meant by this remark is that there is a clear dichotomy between those who believe that concepts influence events and those who believe that only events influence events; between those who envision individuals as constructing their own worlds and those who see them as primarily adapting to their environments.

While the foregoing is a simplification of two complex philosophical systems, the dichotomy that distinguishes them is a useful device for analyzing divergent views in disciplines other than philosophy. Higher education management is one such discipline.

In the expansive period of the sixties and early seventies, a Platonist or conceptually oriented viewed prevailed. Colleges and universities, it was felt, could define themselves, could subordinate budgeting, programmatic, and enrollment policies to their mission and goals. But now the prescriptive literature seems to say that an Aristotelian approach is needed to survive in the less abundant period of the late seventies and eighties. Colleges and universities must devote their energies to scanning the environment, seizing the opportunities it offers, and in general adjusting their essential characters to these opportunities. Public demand rather than private vision, extrinsic rather than intrinsic factors, and above all, flexibility have become the watchwords of management strategists.

But are such strategies actually succeeding in practice? In an effort to answer this question, I studied the behaviors and subsequent

situations of two sets of colleges that experienced severe financial difficulties in the mid-1970s. One set made a dramatic recovery; the other set did not. In attempting to account for the divergence in success, I compared them in many respects, but found only one respect in which the two groups consistently differed. While both groups took advantage of environmental opportunities, the "Aristotelian" group was guided only by such opportunities. The "Platonist" group, on the other hand, filtered its decisions through a conceptual lens based on a sense of the legitimacy of the idea of the college. Since these two approaches manifested themselves in various ways, I was led to define models of each, which I have labeled the adaptive and constructive models. These models will be explained and analyzed in later sections of this paper.

Because my exploratory study was based on intense investigation of only fourteen colleges, the results must be considered indicative rather than conclusive. Given this caveat, it is nonetheless clear from the results that while the widely used adaptive model was helpful, following it alone may be dangerous. The adaptive model produced the best results when tempered by and interactive with the constructive model.

In order to illustrate how the models manifest themselves, I will first describe briefly the recovery strategies of three colleges included in the study. I will then present a literature review, describe methods and results of research, and discuss the significance of the findings.

THREE ILLUSTRATIVE CASES

For convenience, the three schools selected for special emphasis are called "More College," "Less College," and "Rising College." All three were classified by Carnegie as liberal arts colleges in the mid-1970s, but Rising College was reclassified as a comprehensive college by 1980. More

College is selected because it typifies the success that can result from subordinating the adaptive to the constructive model of strategy. It will first be compared with Less, which typifies the adaptive model and the perils of following that model exclusively. Then a description of Rising College will show how a college still struggling to recover from the mid-1970s has used both models to aid in the struggle.

Both More and Less were founded about a century ago, both had about 800 students in 1982, and both have drawn students primarily from their locale and region. Although they are both in the same section of the country, they are not in direct competition with one another. Less College is currently declining—it had grown to 1550 students in the mid-1960s, but contracted again starting in 1972. More's current enrollment, in contrast, is the highest in its history, but growth is partly attributable to relaxed admissions standards for the past ten years.

Like Less, More began to decline in 1972, reaching a crisis state in 1975. But in that year a new president arrived who turned the college's fortunes around by concentrating on improving the way it was perceived both from within and without. This turnaround president's first major act was to purchase an adjacent campus from a school that had failed, despite widespread rumors that More's financial and enrollment situation was so desperate that its own closure was imminent. This purchase, backed by a wealthy alumna, signaled to all constituents that More College had no intention of going out of business.

The new president next encouraged significant changes among the trustees in their perception of their importance to the college. The net result was (1) more involvement with the college by trustees, (2) more

commitment to and capacity for fundraising among the trustees, and (3) a stronger relationship between the president and the trustees than had existed earlier. Several of the new trustees were top executives in major national and international firms who provided both credibility and access to sources of funding. The president used effective language to convey her primary goal for the college, and she was able to inspire commitment to that goal among trustees and faculty. In her emphasis on language and social interaction, as will be later explained, she was acting in accordance with the constructive model of strategy.

More College also made two changes consistent with the adaptive model of strategy, but they were subordinated to the conceptual plan of the president. First, More established an adult degree program, despite its residential, traditional-age clientele. But the program remains administratively separate from the "real" More College, and its enrollments are relatively small. Also, the program was tailored so that it would be highly compatible with the liberal arts mission of the college and with the president's goals for the college. Second, More created a business administration major, despite its liberal arts mission. However, the program's development was overseen by current faculty, its department head had a strong background in philosophy, and its curriculum included heavy liberal arts requirements.

The turnaround president at More did everything but hang out a sign saying "Under New Management" when she arrived. She insisted on letting bids for major purchases, which displeased several local businesses. She released nearly all of the top administrators, many of whom had been inexperienced in and untrained for their functions, and she hired professionals in each area. She raised the standards for student

behavior, but she also improved dorm life and recreational opportunities for students.

All of these changes, taken together, increased participants' confidence in the college without essentially changing the character of the college. Further, the change in perception, though intangible, has been accompanied by a dramatic change at the material level. The value of endowment has quadrupled in the last seven years, past operating deficits have been funded, and enrollment is at an all-time high. As subsequent analysis will show, More's spectacular success is attributable to a well-conceived rendering of the constructive model of strategy, coupled with some judicious adaptive-strategy changes.

Less College, on the other hand, attempted to combat its enrollment decline and serious financial problems exclusively through an adaptive strategy. The attention of administrators was focused chiefly on creating and promoting attractive academic programs. This move was encouraged by the report of a consultant in 1974, recommending that Less establish career-oriented programs to offset decline in teacher education and in liberal arts.

Led by an academic dean who was called a "product development man," Less established 25 new programs in seven years—some of them quite distinctive and most of them high in apparent potential to attract students. Program development was supported extensively by government and foundation grants, and development costs were kept as low as possible. In many cases, new programs involved only minor changes in curricular structure or course content and labeling. Many of the faculty members taught courses outside their disciplines in order to help start new

programs. One respondent remarked: "If we thought it would bring us 3000 students, we'd have 3000 programs."

Further evidence of an adaptive strategy involved expansion of the branch campus Less had founded twenty years earlier in a nearby town and establishment of off-campus course offerings in two other cities 50 miles away. The branch campus was used largely for vocational training, much of it in connection with Less's role as a sub-sponsor for the Comprehensive Employment and Training Act (CETA).

Programs proliferated so rapidly that, as will be shown, Less College was almost a caricature of the adaptive model of strategy. But though the college followed the adaptive model in pandering to the tastes of its clientele, administrators did not take measures necessary to improve efficiency, as the model requires. For example, some of the new programs were very expensive to operate; concern for admissions preempted efforts to improve retention; deferred maintenance was so serious that the campus was not a pleasant place to be; and the trustees were generally either indifferent to the college or acted counterproductively to its interests. Thus, despite the energy and funds poured into new programs, Less's enrollment has declined to about half its 1970 level, and its current financial status is perilous.

In contrast with Less's experience, however, that of Rising College suggests that following the adaptive model of strategy need not be disadvantageous and may even be fruitful if the constructive model is also used. Rising, while better off than Less, is not in as good circumstances as More. In the early 1970s, Rising went on a spending spree, purchasing properties unjustified by its enrollment potential and incurring an exceptionally large capital debt. It also affiliated with such

high-quality (but also high-cost) groups as the local ballet and symphony, increasing its cultural profile but jeopardizing its long-range educational commitments.

Such excesses led to a financial crisis, made public in 1973, that undermined the confidence of students, faculty, alumni, and the community. Rising still has past deficits that have not been funded, its endowment is small and has remained constant, enrollments have stabilized but not rebounded, and the college shows such signs of continuing strain as proportionally low investment in the library. Nevertheless, Rising has achieved improvements in the quality of student life, faculty morale, relations with leaders in its city, and relations with alumni. It has demonstrated to these previously skeptical audiences that it has an important role to play in the city. Revenues from gifts and grants are steadily increasing. In short, the prognosis is good for Rising if it is able to sustain its efforts long enough to overcome the burdens of past mistakes.

When the existence of a crisis was recognized the first reaction of the new administration was efficiency-oriented. Costs were cut, creditors placated, and legal disputes settled. Concurrently, however, the mission of the college was redefined; as a result, the adaptive model of strategy was tempered by the constructive model. Rising College had only recently become a four-year liberal arts college, having previously served as a two-year college and business training school. Mission redefinition took the form of examining the college's opportunities for serving its clientele--particularly individuals who lived and worked in the city center where Rising is located and individuals who wanted academic programs that were related to internship and employment opportunities in

the city. Academic priorities were established, and programs were supported or disbanded as those priorities and cost considerations directed. So many changes occurred in the types of programs offered that the college was reclassified from liberal arts to comprehensive. Yet the number of programs offered did not increase dramatically as had been true at Less College, because Rising College changed by substitution and modification, not just by addition. The intention of administrators was that all new programs enhance the ways in which Rising College was distinctive as compared with other area colleges. These and related moves clearly follow the adaptive model of strategy, but they were prompted by a conceptual framework, as the constructive model requires.

Most of Rising's constructive-model efforts have evolved from and continue to depend on the individual who has been president since 1973. The president was a highly regarded member of the philosophy faculty, but he had virtually no prior administrative experience. This defect would have rendered him ineligible in the view of a search committee whose members did not know him well. But as the last nine years have shown, his ability to communicate the abstractions of Rising's purpose in ways that elicit understanding and enthusiasm has proved to be an asset sufficiently valuable to offset the lack of experience. He is called a conceptual thinker by those he works with, and this trait is evident in the ways he sets, explains, and adheres to priorities. He has been able to establish among all the major constituents at Rising a framework of understanding that guides decisions so that they tend to be consistent and thorough. Thus, adaptive and constructive strategies become synergistic. Rising has not yet risen to More, but the thesis tentatively presented in this paper

is that colleges in Rising's position will do well because their strategy integrates adaptive and constructive models.

Having presented an overview of adaptive and constructive models in action, this paper will now examine the theories behind these models as they have been developed in organizational behavior literature.

RESOURCE DEPENDENCE AND SOCIAL CONSTRUCTIONISM: LITERATURE REVIEW

Aristotelian and Platonic views of human behavior, used to introduce the adaptive and constructive models of strategy, may also be used to illuminate the theories of organizational behavior on which the models are based: resource dependence and social constructionism. Resource dependence theory maintains that events within the organization are caused by events outside it because of its dependence on the providers of critical resources. Social constructionist theory, on the other hand, maintains that the perceptions of its members essentially construct the organization and determine the events within it.

According to resource dependence theory, which receives comprehensive treatment in Pfeffer and Salancik (1978), much of organizational behavior is explainable by the fact that the organization is dependent upon certain elements of its environment for critical resources. For colleges, critical resources typically come from students, parents, government, foundations, and donors. The demands of those environmental sectors influence the behavior of the organization.

Although resource dependence is just one of many views on the relationship between an organization and its environment, it is a view that fits well with a strong tradition in the literature. For example, exchange theory posits the importance of the organization's interchange

with the environment (Blau, 1964; Emerson, 1962). Organizational equilibrium, or inducements-contributions theory, proposes a specific set of motives to participate in the exchange (Barnard, 1938; Simon, 1947; March and Simon, 1958). The contribution of resource dependence is to suggest that organizational attention and response rate are high with regard to those segments of the environment upon which the organization is most dependent for critical resources.

Among the primary alternatives to resource dependence theory in the organizational behavior literature is social constructionism, which is less rationalistic and focused more on organizational gestalt (Berger and Luckmann, 1966). Rather than treating the organization and its participants as givers and receivers of stimuli and responses, the authors in this tradition treat the organization almost as a figment of the participants' imaginations. The most important task of managers from this perspective is the management of meaning, not the management of outputs.

On one hand, resource dependence theory directs managers to examine the relative criticality of resources in order to determine the relative priority (power) of participants in the organization. On the other hand, an argument about the power of language, advanced in the social constructionist tradition by Pondy (1977), directs managers to examine the process by which perceptions of relative criticality of resources came to be formed and shared within the organization. As Pfeffer summarizes the contrast,

> Rather than looking to material conditions for the understanding of behavior, this perspective looks to the patterns of social interaction through which definitions of the situation become defined (1982:220, emphasis added).

The contrast between the two points of view is apparent in the test

that each might apply to determine the viability of an organization. In resource dependence theory, effectiveness "derives from the management of demands, particularly the demands of interest groups upon which the organizations depend for resources and support" (Pfeffer and Salancik, 1978:2). Survival is a function of the organization's ability to acquire and maintain resources, which in turn depends upon yielding to or managing the demands for outputs from participants. For example, Less College conceived survival in terms of its success in meeting student demands for courses. Social constructionists are more likely to adopt the view that survival depends upon achieving social legitimacy or credibility, which in turn is a function of the extent to which the organization means what participants want it to mean. This focus turns attention away from what the organization <u>does</u> toward what it <u>represents</u>. Thus, attention at More College was focused less on demand for courses and more on the college's image in the eyes of its constituents.

Because resource dependence theory is implicit in nearly every extant treatment of strategic planning and strategic management (Jemison, 1981), most existing statements on strategy promulgate the adaptive model. Few writings in the strategy literature use a social constructionist perspective and present a constructive model of strategy. Of those few discussions, the most complete is by Pettigrew (1977). He states that (1) strategy formulation is a political process, (2) politics is the management of meaning, and (3) strategy deals with "the creation of legitimacy for certain ideas, values, and demands—not just action performed as a result of previously acquired legitimacy" (1977:85). The actions of the turnaround president of More College illustrate the points made by Pettigrew. She was certainly involved in politics when she set

out to establish a business administration program in a college populated mainly by liberal arts faculty who feared for the future of the institution and of their own jobs. But she demonstrated political expertise by retaining faculty and imposing substantial liberal arts requirements. Her management of meaning was apparent both in the purchase of additional campus space and in her ability to engender responses by trustees who had been unawakened by previous presidents. And finally, by creating legitimacy for the new business administration program she also enhanced the perceived legitimacy of More College among prospective students and donors by demonstrating the college's awareness of their needs and interests.

In summary, the adaptive model of strategy, based on resource dependence, involves managing demands in order to satisfy critical-resource providers. The constructive model of strategy, based on social constructionism, involves managing meaning in order to enhance the organization's legitimacy. Both models require the strategist to monitor the preferences of those who are involved or might become involved with the organization. In the adaptive model, the strategist monitors their changing preferences for products or services from the organization. In the constructive model, the strategist monitors their attitudes toward the entire organization. The adaptive strategist stands ready to change products or services on the basis of demand, while the constructive strategist makes such changes only if they are congruent with an overarching idea of what the organization means. The constructive strategist is more likely to use language and other kinds of symbols to convey a satisfying and readily understood message about the organization than to change products or services. One of the results of such

differences between strategists in the two modes is that the adaptive strategist is likely to offer more diverse products and services than the constructive strategist, in an effort to appeal to more providers of critical resources.

Given these two models of strategy, the purpose of the research reported here was to determine the extent to which recovery from financial decline in a set of colleges could be explained by either model.

RESEARCH METHOD

The purpose of many research projects is to test a theory against reality. The basic purpose of this project was not to test theory but to look for regularities in the real world and determine whether they could be explained by existing theory or by stating principles that might eventually lead to new theory. Therefore, in-depth observation of real cases was critical to the project. The number of cases included had to be small enough to be practical yet large enough to provide the opportunity for cross-case patterns to appear. Lijphart's (1971, 1975) suggestions for structuring case data so that cases become comparable in theoretical terms and Glaser and Strauss's (1967) suggestions for developing theory from empirical observations were helpful in guiding the research method.

A sample of fourteen colleges was selected from among a set of forty private liberal arts and comprehensive colleges that had at least 650 students in 1979 and experienced rapid decline in total revenues from 1973 through 1976. On average, the revenues of these institutions decreased by 20 percent, adjusted for inflation, over the three-year period. The fourteen colleges chosen for study were divided equally between those that had made the greatest relative total revenue recovery from 1976 through

1979 (the More Resilient Group) and those that had continued to decline (the Less Resilient Group).

Twelve of the fourteen schools were in the northeast, central Atlantic, and midwest sections of the country; two were in the far west. Nine were church-related. Three of the fourteen were selective in their admissions practices. According to Carnegie classification, twelve were liberal arts and two were comprehensive in 1973; two colleges were reclassified from liberal arts in 1973 to comprehensive in 1980. Three were urban, four were rural, and the remaining nine were in towns of varying size.

The primary source of data was interviews with six to fourteen individuals at each college who were chosen for their familiarity with strategies used during the 1970s and for the expected diversity in their points of view. A standard interview protocol for respondents dealt with the strategies used by the colleges to recover from decline, causes of decline, significant coincidental events, and the current condition of the college.

Data were also collected from published documents on the college and its history, unpublished internal memoranda, newspaper clippings, accreditation self-study reports, and other archival materials that were available and relevant. These documents were used to suggest specific questions for interviews and to verify the accuracy of facts and impressions gained through the interviews.

The final source of data was the Higher Education General Information Survey (HEGIS), especially the annual financial and enrollment data on each college from 1972 through the most recent available year—typically 1981.

Following data collection, the data were examined for theoretical implications. The result was the two models of strategy and their relationships to resource dependence and social constructionism, outlined above. Having developed those ideas, it was possible to check them against the data from the cases. Although this method does not constitute a test of the validity of the theories, it provides the opportunity for a relatively objective examination of the fit between the data and the theories inductively developed from the data.

The sample was divided into two subsets—those that were in a better position in 1982 than they had been before their decline episode (the More Resilient group) and those that were not in a better position (the Less Resilient group). Colleges were assigned to groups on the basis of a number of commonly used indicators of institutional viability, listed in Table 1. To verify that the groups did not differ significantly in terms of inherent advantages at the beginning of decline, several data points from 1973 were examined by group, also shown in Table 1. In 1973, More Resilient colleges had the disadvantages of being, on the average, smaller and more heavily in debt, without a proportionate advantage in larger endowments. But on the other hand, they had the advantages of being more selective and less rural than the Less Resilient group. Thus, no consistent bias favored the More Resilient group, suggesting that management action accounts for their more favorable condition in 1982.

TABLE 1 ABOUT HERE

Table 1

MORE RESILIENT vs. LESS RESILIENT GROUPS
1973 and 1981 COMPARISONS

	More Resilient	Less Resilient
1973: Were the two sets comparably positioned?		
Mean no. of full-time equivalent students	1215	1569
Mean operating deficit per student	$4500	$3800
No. of schools with selective admissions	3	0
No. of schools in rural locations	1	3
No. of schools with church affiliations	6	3
No. of schools with operating deficit over $1M	4	1
No. of schools with endowment value over $1M	3	4
1981: Did one set improve more than the other?		
Tuition dependence (tuition: total educational and general revenues)	64%	75%
Non-tuition revenue (private gifts and grants per student)	$744	$488
(proportional change in endowment market value, 1976 to 1981)	67%	17%
Total revenue (proportional change in total revenues, 1976 to 1981)	88%	50%
Enrollment (proportional change in full-time equivalent students, 1976 to 1981)	42%	3%
Financial bottom line (current fund balance: current fund revenues)	9%	(5%)
Drawing on organizational slack (library expenditure: instructional expenditure)	11%	6%

Differences in resilience between the two sets of colleges are shown through the variety of factors listed at the end of Table 1. The More Resilient schools were on average less tuition dependent; they had greater increases in enrollments, endowment market value, and total revenues; they achieved a positive financial balance; and they maintained relative funding for a major discretionary item, the library, better than did the Less Resilient colleges.

Having determined that the two groups of colleges were similarly situated in 1973 but that their condition by 1981 merited considering them to be two distinct groups, the study next examined whether the behaviors of the colleges in the 1973-81 interim could also be divided into two distinct groups. There seemed to be a correspondence between More Resilient colleges and constructionist theory, and between Less Resilient colleges and resource dependence theory. But the task remained to devise two sets of measurable variables that would describe the two models of strategy. Variables chosen for the adaptive model related to responsiveness in academic programs, organizational flexibility, diversity of academic programs, and efficiency. Specific measures of these variables will be presented with the results in Table 2. Variables chosen for the constructive model were fundraising and marketing, professionalization of the management team, focus for the academic program, and improving and involving the trustees. Since these categories are not as obvious as those for the adaptive model, a brief explanation is needed.

The constructive model emphasizes two main factors: the management of meaning and the enhancement of organizational legitimacy. The measures of the model therefore have to do with explaining the college effectively

to the providers of its resources (students and donors) and with giving them symbolic reasons to believe that their confidence in the college is justified. Management of meaning is reflected in the initative taken by the college in the areas of fundraising and marketing: Did administrators take the message of the college to its constituents? As for legitimacy, it is subdivided into three measures that enhance the belief that the organization is competent to do what it purports to do. Two of these measures of competence are the professionalization of the management team and the focus of the academic program—is the college doing what it has proven it can do well? Finally, in private colleges the trustees are a critical source of symbolic legitimacy. Strong trustees enhance legitimacy because their personal reputations, combined with their visible connection to the college, allow the college to bask in their reflected glory. The greater their importance and involvement, the more others are likely to believe that the college is worthwhile.

The specific measures for the two models came from two sources—HEGIS reports and on-campus interviews. Measures from HEGIS, such as the proportion of professional degrees granted as an indicator of program diversity, require no further definition. However, measures from the interviews, such as efforts to attract students as a measure of program responsiveness, are less obvious. They were constructed inductively by adding together all of the actions a college took that were related to the concept being measured. The interview-based measures are explained in detail in the appendix.

RESULTS OF THE STUDY

The measures for the adaptive model and the results of testing the More Resilient and Less Resilient colleges are presented in Table 2. The two groups did not score significantly differently on any of the measures of the adaptive model; both groups were equally likely to use that model.

TABLE 2 ABOUT HERE

Since the study deals with so few cases, lack of statistical significance may be due to the small sample size. Therefore, it is worthwhile to look at the differences between the scores of the two groups, regardless of whether they are statistically significant. Doing so further documents the inability of the adaptive model to account for resilience. If the adaptive model aided resilience, the More Resilient colleges would score higher on each of the measures than the Less Resilient colleges. However, in the six measures having apparently large differences in the mean scores of the two groups—proportion of professional degrees, 1973-1981 change in number of programs, efforts to conserve operating funds, proportion of part-time students, efforts to attract students, and increased receptiveness to change—only the last two in this list show a direction of difference between the means that supports the adaptive model.

Comparison of More Resilient and Less Resilient colleges on the measures for the constructive model is presented in Table 3. Here significant differences between the groups appeared: the More Resilient colleges scored significantly higher on all four measures of the model.

Table 2

MORE RESILIENT vs. LESS RESILIENT GROUPS: ADAPTIVE MODEL

	Mean for More Resilient	Mean for Less Resilient	t#	U#
Program diversity				
1) Number of academic programs	14.4	16.3	.57	
2) Proportion of professional degrees	43.0	66.9	1.55	
3) Number of discipline areas offered	3.6	3.7	.25	
Program responsiveness				
4) Number of programs, change from 1973 to 1981	2.7	4.2	.28	
5) Efforts to attract students	3.9	3.3		20.0
Efficiency				
6) Efforts to conserve operating funds	5.3	6.3		15.5
Flexibility				
7) Proportion of part time students	16.9	20.4	.34	
8) Fixed expense: total expenditure	.1	.1	.09	
9) Increased receptiveness to change	4.4	3.1		19.0

#A t test for significant difference between means was used on interval and ratio data. A Mann-Whitney test for significant differences in rank orders was used for ordinal data. All ordinal variables are defined in the appendix.

*$p < .05$

TABLE 3 ABOUT HERE

Looking at these results from the standpoint of the college actions from which the measures were constructed, one can see, for example, that the More Resilient colleges had presidents whose ability to explain the college was highly rated, they had assertive admissions directors who understood and appreciated the mission of the college, they were more likely to make marginal rather than major changes in programs, and they were more likely to start a capital fund campaign or organize an alumni fundraising system than the Less Resilient colleges.

Another way to interpret the result is to refer again to More, Less, and Rising colleges. More College, which was in the More Resilient group, improved and involved the trustees, and it professionalized the management team. Its incorporation of the business administration program, while an apparent diversification of its academic program and therefore an adaptive-model move, was accompanied by real and symbolic efforts to tie the new venture securely to the existing curriculum. Less College, in the Less Resilient group, took no constructive-model steps. Instead, it diversified its academic programs to the point that it offered anything for which some demand might exist. Less College showed a great deal of responsiveness to students and to government and foundation agencies as resource providers. Rising College, which is near the top of the Less Resilient group and likely to recover fully from its decline, changed its programs significantly, but with a specific focus--to capitalize on unique aspects of its physical location.

Table 3

MORE RESILIENT vs. LESS RESILENT GROUPS: CONSTRUCTIVE MODEL

	Mean for More Resilient	Mean for Less Resilient	U#
Management of Meaning			
1) Fundraising and marketing	9.0	5.1	11.0*
Legitimacy Improvement			
2) Professionalization of the management team	2.1	1.0	7.0*
3) Focus for the academic program	6.4	3.7	10.5*
4) Improving and involving trustees	5.6	2.9	7.5*

#A Mann-Whitney test for significant differences in rank orders was used for these variables, all of which are ordinal. The variables are defined in the appendix.

*$p < .05$

The strategic behavior of these three colleges—More, Less, and Rising—is illustrated in Table 4, along with that of the eleven other colleges in the study. In this table, the proportional distance from the mean score for all fourteen colleges is given (1) in asterisks if the college scored above the mean or (2) in dashes if the college scored below the mean. The number of asterisks or dashes in each entry indicates the number of digits in the proportional distance. A college scoring 5% above the mean on one variable would have a * in the column, but a score of 15% below the mean on another variable would be represented by a —.

TABLE 4 ABOUT HERE

Scanning the table for asterisks provides a rough indication of the amount of effort put forth by the colleges in each area, relative to the other colleges in the study. The density of asterisks is heaviest in the More Resilient/constructive model quadrant and lightest in the Less Resilient/constructive model quadrant, illustrating, as in Table 3, the significant differences found in quantitative assessment of constructive model scores. Table 4 and the cases of More, Less, and Rising colleges allow an examination of how the two models of strategy may interact.

The colleges labeled 2 and 3 on the table made virtually no adaptive strategy changes. Colleges 2 and 3 were the most selective and the most firmly rooted liberal arts colleges in the study. Their reaffirmation of their curricular mission accounts for the low scores on the adaptive model. It is possible that these colleges would not have recovered as

Table 4 Mean Deviations on All Measures for Each of Fourteen Colleges

	ADAPTIVE MODEL VARIABLES									CONSTRUCTIVE MODEL VARIABLES			
	Program Diversity			Responsiveness		Efficient	Flexibility			Management of Meaning			Legitimacy
College	1	2	3	4	5	6	7	8	9	1	2	3	4
More Resilient													
More College	-	--	**	**	**	**	--	---	**	**	**	**	**
College 2	--	--	--	--	--	--	--	--	*	**	**	**	**
College 3	--	--	--	--	--	--	--	**	*	**	**	**	**
College 4	--	**	**	--	**	**	**	**	**	**	**	**	**
College 5	**	**	--	***	**	--	***	**	**	-	**	**	**
College 6	-	**	**	--	--	--	**	**	--	--	--	--	--
College 7	--	**	--	--	--	*	--	***	--	--	--	**	**
Less Resilient													
Rising Collg.	**	**	**	--	**	**	***	-	**	**	--	**	**
College 9	*	**	--	--	***	**	**	--	**	**	--	**	--
College 10	--	**	**	--	--	--	--	--	--	--	--	--	--
College 11	-	*	**	--	--	**	--	--	--	-	--	-	-
College 12	***	--	**	***	--	*	--	**	**	--	--	--	--
College 13	--	**	--	---	--	*	***	**	--	--	--	--	--
Less College	**	**	**	***	**	--	--	**	--	--	--	--	--

Key: * for each digit in the percent that the college scored above the mean of all fourteen colleges
- for each digit in the percent that the college scored below the mean of all fourteen colleges
Individual variable names for the models are given in tables 2 and 3.

fast if they had not used the constructive strategy, but it is beyond the capacity of this study to determine that possibility.

The pattern of colleges 4 and 5 resembles that of Rising College—scores were well above the mean on many variables in both strategy models. College 4 was galvanized from the self-satisfied complacency of the 1960s by a financial crisis that created more publicity and public involvement than any other in the study. Its trustees and new leadership were vigorous and multi-faceted in responding to the problems, and this activity shows in the scores in table 4. On the other hand, College 5 never knew it had a crisis. Indeed, if the decline in total revenues was difficult to absorb and recover from, the only person who knew it was the religious sister who was the president for many years. The style of the order of sisters, the heritage of the college, and the dedication of the faculty at College 5 are all so vital and pervasive that the college might score high on strategic activity with or without any kind of crisis. The college is always looking for new ways to serve, within the context of its mission.

Colleges 6 and 7 are more difficult to understand. They were More Resilient, yet their scores in table 4 are low. What accounts for their recovery? The only obvious major difference between College 6 and some of the more stable Less Resilient colleges, such as Rising College, is the state aid College 6 has received in increasingly large amounts during the 1970s. Only three of the fourteen colleges received any state aid in 1980-81, and College 6 received three times as much as the other two. Other factors may account for the resilience of College 6, but state aid certainly played an important role.

College 7 is unique in both its very close relationship to its sponsoring church and its mission to serve an underprivileged ethnic subculture. Having strayed from that mission in the 1960s, it made a major strategic move simply to reestablish prior admissions criteria and standards for student behavior. The college administration also changed, bringing in people in whom church representatives had greater confidence. With a sufficiently large pool of potential students in the ethnic subculture and the full support of the church, College 7 required no further strategic moves.

Among the Less Resilient colleges, College 9 is quite similar to Rising College, both in its strategic behavior and its prognosis for the future. By contrast, Colleges 10 and 11 scored below the mean on nearly every measure, except a few adaptive strategy variables. Both are liberal arts colleges that for a long time have offered programs in vocational and professional areas, and both are taking action to streamline their curricula and increase their attractiveness without making major changes. Like Rising and College 9, Colleges 10 and 11 should do well in the long run, based on the assessments of those on campus. The results of this study suggest that their recovery might be enhanced if they develop an effective constructive strategy.

The three colleges that remain in the most serious trouble are Colleges 12 and 13 and Less College. All scored well below the mean on measures of constructive strategy, but all have been relatively active in adaptive strategy. The problems at College 12 multiplied throughout the 1970s as faculty and administrators continued to hope that an increased number of programs would attract students. Although repressing the evidence of trouble is a typical interim reaction to decline, College 12

repressed far longer than the other colleges in the study. Furthermore, College 12 officials pursued for 15 years an adaptive strategy that was inimical to retaining a sense of shared social consciousness and intimacy that were integral to its historic mission. The officials attempted to make the adaptive strategy and historic mission compatible, but without success. Finally, in 1981, the accreditation status of the college was threatened, the college terminated all but its most central and long-standing programs, and a new administration began work.

College 13 merged administratively with another institution shortly before this research began, but retains its name and status as a separate college. College 13 officials had tried to cope with shortages of students during the 1970s by offering courses in many towns and cities within 80 miles of campus and by concentrating its on-campus resources and marketing in a single highly distinctive program. These adaptive strategies probably failed because (1) College 13 did not have a sufficiently strong academic reputation to sustain such a massive off-campus effort and (2) the one highly distinctive program on campus was very expensive both for students and for the college, and demand for its graduates was declining.

DISCUSSION

The central thesis developed throughout this paper has been that the constructive model of strategy, derived from a social constructionist view of organizations, exists and plays a significant role in determining whether a college rebounds quickly from financial decline. Furthermore, an adaptive model of strategy, based on resource dependence, seems to be an important aid to recovery. Although the thesis has not been proven in

this exploratory study, it has been supported both by qualitative case analysis and quantitative tests. What does this result tell administrators that they may not have known before?

First, it argues for a change in emphasis regarding the use of the models. Reading current prescriptive literature for administrators leaves the impression that administrators should use an adaptive model of strategy without forgetting their institutional mission and identity. When a proposal for a new high-demand program is presented, the burden of proof seems to be on the administrator to show that the program runs counter to the mission or is otherwise infeasible. However, if the thesis of this paper is correct, the emphasis of the prescription should be reversed. Administrators should use a constructive model of strategy without forgetting the demands of their constituents. When a proposal for a new high-demand program is presented, the burden of proof should be on the proposer to show that the program expresses the institution's constructive strategy.

Second, the thesis suggests the need for institutional self-definition. Without a clear understanding of the basis of its integrity, a college may well make wrong decisions. Although the importance of institutional priorities may seem self-evident, two problems often arise. One problem is failure to recognize, articulate, and act on priorities; the other is allowing survival to become the sole priority when the institution is seriously threatened. At the More Resilient colleges in this study, faculty and administrators understood the basic premises of the integrity of their institution and made decisions accordingly. Not only did they not allow survival to become the sole

priority, they did not permit their fear of going out of business to compromise fundamental institutional premises.

The third point that can be derived from the thesis has to do with the role of the president. As president, an individual needs to base decisions and actions at least as heavily on symbolic values as on substantive ones. Many administrators have observed that just one small issue or one minor managerial slip-up can cause disproportionately large problems. Amplification of the problem is often due to its symbolic content. A president learns this lesson when he or she makes a decision believing that it represents the will of the faculty but forgetting to wait for the final report of the faculty ad hoc committee on the subject. The point is not a new one, but it takes on added significance in the context of strategic management. By consciously dealing with both the substantive and symbolic content of an issue administrators may be able to achieve synergies and reduce dissonance within the organization. The result is increased understanding among all participants about the goals and priorities of the organization and about the level of the leaders' determination to achieve stated goals and priorities, which improves the quality of decisions and allows all efforts to be aimed in the same direction.

Fourth, the thesis suggests that the number of variables an organization might manipulate in creating its strategy is almost limitless. By contrast, some authors on strategic planning have defined lists of areas within which strategy is formed. Shirley (1982), for example, has suggested seven areas in which strategic decisions occur—basic mission, geographic service area, product mix, customer mix, goals and objectives, competitive advantage, and outside relationships.

Finding a place in this typology for More College's purchase of the adjacent campus is difficult, although the action constituted an important strategic move for the college. The significance of the purchase rests largely on its symbolic value. Nearly any action or event may have strategic symbolic value, even if it is outside the realm of adaptive-model strategy.

Many adaptive-model treatments of strategy for higher education emphasize two of the areas from Shirley's list: product mix and customer mix. The frequent assumption is that changing academic programs and attending to recruitment are the primary levers for improving the condition of a college. The fact that nearly all of the colleges in this study increased the number of academic programs they offered and made structural changes in order to attract students suggests that colleges often use those levers. But the important role of a constructive strategy in achieving rapid recovery implies additional considerations:

1. changing academic programs in response to decline may be unnecessary and even harmful—other actions may be the keys to recovery,
2. a college may change its academic programs or improve its recruiting efforts and do so very well, but still find that these actions do not produce an enduring solution,
3. a change in programs or recruitment that expresses the constructive strategy is likely to be highly effective, but a change that is contradictory or irrelevant to constructive strategy may bring more cost than benefit, and

4. identifying the primary levers for improving the condition of a college is a function intrinsic to the college that can only be performed with reference t that college.

The fourth item in that list leads into the fifth and final observation derived from the thesis of the study: effective turnaround strategy needs to be unique to an institution. Productive strategy arises from the collective heritage and current manifestation of perceptions and purposes for an individual organization. The pattern of such phenomena is as idiosyncratic as a fingerprint. What worked for the college down the road has no necessary correlation with what will work here.

Certain patterns seem to exist within organizations and to help determine the shape of a viable strategy, just as certain patterns exist in fingerprints and allow for initial classification by type. But the definition of a successful strategy seems also to allow for the highly improbable—the elite, long-standing liberal arts college successfully implementing programs for adult part-time students and for professional career preparation, or the nonelite liberal arts college clinging firmly to its liberal arts curriculum, choosing to get smaller and better rather than yield to the pressures for vocational preparation. Such actions are improbable only when taken out of context, however. When one knows more about the specific organization involved, they make perfect sense.

What may be more disquieting than an improbable success story is the case in which many prescriptions for management were followed without success—the treatment worked, but the patient died. That may have been the reaction of those who observed some of the Less Resilient colleges that have been actively engaged in an adaptive model of strategy for the past eight to ten years. This study indicates that sincerity, diligence,

and even sophisticated analyses of demand cannot overcome the absence of a shared perception of what the college is about and why it matters, as well as a shared conviction that it is capable of making good on its promises.

CONCLUSION

In a study of fourteen colleges attempting to recover from serious financial decline, half of the colleges were more resilient than the other half. The adaptive model of strategy, based on the need for the college to be responsive to the individuals and groups who supply its most critical resources, was followed by most members of both sets of colleges. The adaptive model usually appeared to assist the colleges in their recovery efforts, but it did not account for the faster recovery of the more resilient set. The constructive model of strategy, based on the theory that organizational participants construct reality from their perceptions of the organization, was followed by most of the more resilient colleges but few of the less resilient colleges. The constructive model seems to have facilitated rapid recovery.

The utility of the constructive model of strategy in fostering rapid recovery suggests a number of observations for improving turnaround management. First, establishing a constructive strategy that guides the adaptive strategy is preferable to using an adaptive strategy alone. Second, establishment of a constructive strategy requires a strong and clear sense of organizational identity as well as a willingness to make decisions on the basis of that identity. Third, presidents who base their actions on symbolic as well as substantive concerns will be more effective turnaround leaders than those who are not conscious of symbolic implications. Fourth, colleges have a wide range of strategic moves they

might make productively. Finally, effective turnaround strategy evolves from and is unique to the institution.

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Appendix

Definitions for Constructed Variables

Each college was given one point if it had engaged in the activity listed during the course of its recovery attempt.* The score for each college on each variable was the sum of the number of activities within the variable that the college had engaged in.

Adaptive Model

Efforts to attract students (total possible score = 12)

- expanded days and times when courses were offered
- added graduate level programs for the first time
- established cooperative programs with other agencies
- added required courses to bolster the curriculum
- added new applied programs
- retained courses/programs primarily to serve the community
- increased general sensitivity on campus to market demands
- offered courses at new locations off campus
- created new majors through small changes in existing programs
- reviewed programs continuously, making changes as needed
- kept tuition hikes low
- added new majors to meet emerging societal needs

Efforts to conserve operating funds (total possible score = 11)

- large scale faculty terminations
- reduced faculty/staff through non-replacement
- initiated efficiency measures in facilities, utilities, etc.
- scrutinized and corrected faculty productivity problems
- used cross-teaching in other disciplines to a great extent
- deferred maintenance
- used faculty members part-time in administrative posts
- gave low salary raises for several years
- instituted tight tracking between costs and charges
- had presidents keenly aware of budget
- initiated rigorous accounting, budget control procedures

Increased receptiveness to change (total possible score = 7)

- released incompetent managers and hired professionals
- decentralized governance
- increased use of part-time faculty
- reduced boundaries to promote the flow of information
- college had unusually flexible organizational structure
- tendency to initiate truly innovative policies/programs
- used consultants in recovery efforts

Constructive Model

Fundraising and marketing (total possible score = 7)

started a capital drive
focused and professionalized admissions and recruiting
found new markets for fundraising
president aware of and active in fundraising
tapped major donors and alumni
improved endowment investment portfolio
emphasis on raising non-tuition revenues

Professionalizing the management team (total possible score = 3)

ousted incompetent managers, hired professionals
upgraded the skills/experience of the admissions director
hired a capable financial officer

Focusing the academic program (total possible score = 7)

president had strong conceptual skills
president found effective language to convey mission
constant emphasis on recovery priorities
marginal changes in programs, not major changes
did not create multiple majors for existing courses
did not pursue new mission that was outside expertise of faculty
did not allow business and academics to function separately

Improving and involving trustees (total possible score = 5)

formalized and cemented president-trustee relations
president got full support of trustees
had strong trustees, during crisis and before
crisis efforts created a strong board
president communicated fully with board about finances

*For the purpose of this scale, an event occurred if (a) it was documented in archival materials from the college or (b) it was mentioned without interviewer solicitation by two or more individuals at the college and was consistent with any corroborating data that was available.